

Marlene Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund, WC Docket, No. 10-90, National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92*

To the Commission:

Barb Ostrander, on behalf of The Competitive Edge (CEI) in Alexandria, MN hereby files this letter in the above-captioned dockets. At CEI, we work with companies in the rural areas of our country to facilitate strategic growth and the development of leaders to ensure business have a clear path to growth and as a means to build great companies and communities and we have provided analytical support to rural telecommunications providers participating in the proceeding, and remain deeply interested in the outcome of the above-captioned proceedings. Toward that end, CEI was encouraged by the Consensus Framework created by rural, mid-size, and large carriers that could serve as the basis for sensible, measured, and carefully calibrated USF and inter-carrier compensation (ICC) reforms.

CEI, however, is now gravely concerned that reported amendments to – or wholesale departures from – the Consensus Framework will wreak damaging impacts on incentives to deploy and maintain broadband networks in rural service areas. If the reported potential amendments are adopted, it is the opinion of CEI that investor discouragement will continue, if not increase, leading to depressed investment and resultant negative trends on broadband deployment Nationwide. These adverse repercussions will be visited not only upon rural telecommunications providers, but also upon consumers, as well as CEI and similarly-situated entities that are suppliers to the telecommunications markets. **For example, nearly one-third of our business focus is on serving small to mid-size telecommunication companies. The remainder of our business comes from other companies in our rural areas who are dependent upon state-of-the-art technology from rural telecommunication providers.**

In these regards, it is particularly important that the Commission refrain from adopting rules that affect investments retroactively. Doing so will shatter market confidence in the industry and devastate market trust in the regulatory process: investors will view regulatory structures as shifting, unstable, and unpredictable if retroactively applicable rules are adopted. No rational investor will direct capital to projects whose ability to recover costs and generate income is subject to retroactive fiat.

Moreover, the Commission must position USF affirmatively for the future. The Commission must avoid the temptation to bandage existing programs, leaving true reform for an undetermined future time. That approach would simply extend market overhang and threaten debilitating market uncertainty for rural telecommunications, rural America, and interdependent economic communities. If the Commission is not ready to adopt fully the RLEC portion of the Consensus Framework at this time, then it should, at the least, incorporate it as the primary path forward for reform in upcoming notices of proposed rulemaking.

For all of these reasons, we urge the Commission to foster market certainty and avoid outcomes that will depress investor confidence and the subsequent ability of rural telecommunications providers to deploy, maintain, and operate advanced networks. The Commission encouraged successfully the groundbreaking Consensus Framework, and yet appears to be departing in material respects from it. The Commission should proceed with caution in light of the broader ripple effects of reform throughout the economy, and should look above all else to ensure that reform does not undermine broadband deployment, investor and lender confidence, or the needs of consumers. The Commission should look back to the sensible and carefully constructed roadmap for reform set forth in the Consensus Framework in the closing days of its reform process.

Respectfully submitted,

Barb Ostrander
Partner/Consultant
The Competitive Edge, Inc.